

CITY OF ABILENE, KANSAS
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

CITY OF ABILENE, KANSAS

TABLE OF CONTENTS

| | <u>Pages</u> |
|--|--------------|
| Independent Auditors' Report | 1 - 2 |
| Financial Statements: | |
| Summary of Cash Receipts, Expenditures and Unencumbered Cash | 3 - 4 |
| Summary of Expenditures - Actual and Budget | 5 |
| Statements: | |
| 1 General Fund | 6 - 8 |
| 2 Special Revenue Funds: | |
| 2-1 Airport Fund | 9 |
| 2-2 Fire Apparatus and Special Park and Recreation | 10 |
| 2-3 Special Alcohol and Drug and Library | 11 |
| 2-4 Tourism and Convention and Special Street | 12 |
| 2-5 Recreation Commission | 13 |
| 2-6 Special Liability and Capital Improvement | 14 |
| 2-7 Equipment Reserve, Community Center, and Library / Pool Renovation | 15 |
| 3 Debt Service Funds: | |
| 3-1 Bond and Interest | 16 |
| 4 Capital Projects: | |
| 4-1 Library Renovation and Pool Renovation | 17 |
| 4-2 Cedar Ridge Estates and Eastridge Estates | 18 |
| 4-3 The Highlands Addition and Dawson 4 | 19 |
| 4-4 Wastewater Treatment Plant and Automated Meter Reader System | 20 |
| 5 Proprietary - Enterprise Funds: | |
| 5-1 Water Utility | 21 |
| 5-2 Wastewater Utility | 22 |
| 5-3 Equipment Reserve - Water and Equipment Reserve - Sewer | 23 |
| 5-4 Recycling and Storm Drain | 24 |
| 6 Agency Funds | 25 |
| Notes to Financial Statements | 26 - 37 |



Certified Public Accountants

Pottberg, Gassman & Hoffman, Chtd.

816 N Washington
Junction City, KS 66441
(785) 238-5166
Fax (785) 238-6830

529 Humboldt, Suite 1
Manhattan, KS 66502
(785) 537-9700
Fax (785) 537-3734

505 NW 3rd, Suite 1
Abilene, KS 67410
(785) 263-2171
Fax (785) 263-3340

www.pgh-cpa.com

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commission
City of Abilene
Abilene, Kansas

We have audited the accompanying primary government financial statements of the City of Abilene, Kansas, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the City of Abilene, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. The primary government financial statements referred to above do not include the financial data of component units of the City of Abilene, Kansas, as of December 31, 2010.

As described in Note 1, the City of Abilene, Kansas has prepared these financial statements on the statutory basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United State of America, although not reasonably determinable, are presumed to be material. The differences between the statutory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, because of the effects of the matter discussed in the preceding paragraph and because they do not include the financial data of component units of the City of Abilene, Kansas, the primary government financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Abilene, Kansas, as of December 31, 2010, or the changes in its financial position for the year then ended. Further, the City of Abilene, Kansas has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basis financial statements.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the City

MEMBERS:
American Institute of
Certified Public Accountants

Kansas Society of Certified
Public Accountants



of Abilene, Kansas as of December 31, 2010, and its cash receipts and expenditures, for the year then ended, on the basis of accounting described in Note 1.

Pottberg, Gassman & Hoffman, Chartered

Pottberg, Gassman & Hoffman, Chartered
Abilene, Kansas
June 6, 2011

CITY OF ABILENE, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
FOR THE YEAR ENDED DECEMBER 31, 2010

| <u>Fund</u> | <u>Beginning Unencumbered Cash Balance</u> | <u>Prior Year Canceled Encumbrances</u> | <u>Cash Receipts</u> | <u>Expenditures</u> | <u>Ending Unencumbered Cash Balance</u> | <u>Add Outstanding Encumbrances and Accounts Payable</u> | <u>Ending Cash Balance</u> |
|-------------------------------|--|---|--------------------------|---------------------|---|--|--------------------------------|
| Governmental Type Funds: | | | | | | | |
| General Fund | \$ 2,163,662 | - | 4,158,738 | 4,221,864 | 2,100,536 | 289,288 | 2,389,824 |
| Special Revenue Funds: | | | | | | | |
| Airport Fund | 83,477 | - | 88,118 | 117,261 | 54,334 | 44,750 | 99,084 |
| Fire Apparatus | 25,818 | - | 33,655 | 15,771 | 43,702 | - | 43,702 |
| Special Park and Recreation | 28,692 | - | 16,790 | 13,592 | 31,890 | - | 31,890 |
| Special Alcohol and Drug | 14,564 | - | 16,779 | 5,439 | 25,904 | - | 25,904 |
| Library | - | - | 263,299 | 263,299 | - | - | - |
| Tourism and Convention | 12,738 | - | 230,152 | 221,742 | 21,148 | 5,147 | 26,295 |
| Special Street | 55,722 | - | 174,447 | 93,946 | 136,223 | 38,025 | 174,248 |
| Recreation | 160,286 | - | 427,833 | 454,100 | 134,019 | 6,509 | 140,528 |
| Special Liability | 16,067 | - | - | - | 16,067 | - | 16,067 |
| Capital Improvement | 267,786 | - | 28,570 | - | 296,356 | - | 296,356 |
| Equipment Reserve | 155,530 | - | 247,274 | 232,538 | 170,266 | - | 170,266 |
| Community Center | 153,165 | - | 225 | - | 153,390 | - | 153,390 |
| Library / Pool Renovation | - | - | 621,660 | 410,689 | 210,971 | - | 210,971 |
| Debt Service Fund: | | | | | | | |
| Bond and Interest | 78,792 | - | 354,548 | 385,925 | 47,415 | - | 47,415 |
| Capital Projects Funds: | | | | | | | |
| Library Renovation | 288,380 | - | 41,344 | 329,724 | - | - | - |
| Pool Renovation | - | - | - | - | - | - | - |
| Cedar Ridge Estates | - | - | - | - | - | - | - |
| Eastridge Estates | - | - | - | - | - | - | - |
| The Highlands Addition | 657,161 | - | 43,356 | 194,145 | 506,372 | - | 506,372 |
| Dawson 4 | - | - | - | - | - | - | - |
| Wastewater Treatment Plant | - | - | - | - | - | - | - |
| Automated Meter Reader System | 8,412 | - | - | 8,412 | - | - | - |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH FOR THE YEAR ENDED DECEMBER 31, 2010

| Fund | Beginning Unencumbered Cash Balance | Prior Year Canceled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|---|---|--|------------------|--|--|---|------------------------|
| Proprietary Type Funds: | | | | | | | |
| Enterprise Funds: | | | | | | | |
| Water Utility | 189,296 | - | 1,607,642 | 1,550,467 | 246,471 | 62,587 | 309,058 |
| Wastewater Utility | 1,761,391 | - | 1,501,501 | 1,374,166 | 1,888,726 | 40,808 | 1,929,534 |
| Equipment Reserve - Water | 907,904 | - | 11,275 | 357,899 | 561,280 | 55,620 | 616,900 |
| Equipment Reserve - Sewer | 177,819 | - | 25,284 | - | 203,103 | - | 203,103 |
| Recycling Fund | 329,332 | - | 97,928 | 93,089 | 334,171 | 385 | 334,556 |
| Storm Drain | 451,854 | - | 67,323 | 50,461 | 468,716 | 11,700 | 480,416 |
| Total Primary Government (Excluding Agency Fund) | \$ 7,987,848 | - | 10,057,741 | 10,394,529 | 7,651,060 | 554,819 | 8,205,879 |
| Composition of Cash: | | | | | | | |
| | | | | Checking Accounts | | \$ | 3,965,735 |
| | | | | Money Market | | | 351,400 |
| | | | | Petty Cash | | | 931 |
| | | | | Certificates of Deposit | | | 3,893,135 |
| | | | | Total Cash | | | 8,211,201 |
| | | | | Agency Fund Per Page 25 | | | (5,322) |
| | | | | Total Primary Government (Excluding Agency Fund) | | \$ | 8,205,879 |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010

| <u>Fund</u> | <u>Certified Budget</u> | <u>Adjustment for Qualifying Budget Credits</u> | <u>Total Budget for Comparison</u> | <u>Expenditures Chargeable to Current Year</u> | <u>Variance - Over (Under)</u> |
|-----------------------------|-----------------------------|---|--|--|--|
| General Fund | \$ 6,315,338 | - | 6,315,338 | 4,221,864 | (2,093,474) |
| Special Revenue Funds: | | | | | |
| Airport Fund | 74,175 | - | 74,175 | 117,261 | 43,086 |
| Fire Apparatus | 34,423 | - | 34,423 | 15,771 | (18,652) |
| Special Park and Recreation | 46,249 | - | 46,249 | 13,592 | (32,657) |
| Special Alcohol and Drug | 48,903 | - | 48,903 | 5,439 | (43,464) |
| Library | 269,962 | - | 269,962 | 263,299 | (6,663) |
| Tourism and Convention | 232,000 | - | 232,000 | 221,742 | (10,258) |
| Special Street | 612,232 | - | 612,232 | 93,946 | (518,286) |
| Recreation | 579,241 | - | 579,241 | 454,100 | (125,141) |
| Special Liability | 16,068 | - | 16,068 | - | (16,068) |
| Capital Improvement | 297,330 | - | 297,330 | - | (297,330) |
| Equipment Reserve | 391,788 | - | 391,788 | 232,538 | (159,250) |
| Community Center | 153,268 | - | 153,268 | - | (153,268) |
| Library / Pool Renovation | - | - | - | 410,689 | 410,689 |
| Debt Service Fund: | | | | | |
| Bond and Interest | 386,000 | - | 386,000 | 385,925 | (75) |
| Proprietary Type Funds: | | | | | |
| Enterprise Funds: | | | | | |
| Water Utility | 1,551,429.0 | - | 1,551,429 | 1,550,467 | (962) |
| Wastewater Utility | 3,049,504 | - | 3,049,504 | 1,374,166 | (1,675,338) |
| Equipment Reserve - Water | 1,146,754 | - | 1,146,754 | 357,899 | (788,855) |
| Equipment Reserve - Sewer | 205,277 | - | 205,277 | - | (205,277) |
| Recycling Fund | 388,831 | - | 388,831 | 93,089 | (295,742) |
| Storm Drain | 524,676 | - | 524,676 | 50,461 | (474,215) |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| GENERAL FUND | 2009 | 2010 | | Variance - |
|-----------------------------|------------------|------------------|------------------|-------------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Over (Under)</u> |
| Cash Receipts: | | | | |
| Taxes and Shared Revenue | | | | |
| Ad Valorem Property Tax | \$ 1,094,177 | 1,319,124 | 1,354,553 | (35,429) |
| Delinquent Tax | 12,589 | 14,753 | 11,000 | 3,753 |
| Motor Vehicle Tax | 149,356 | 142,791 | 155,795 | (13,004) |
| Intergovernmental Revenue | | | | |
| Local Sales Tax | 1,199,404 | 1,203,311 | 1,150,000 | 53,311 |
| Franchise Tax | 534,144 | 543,576 | 470,000 | 73,576 |
| KLINK - Highway Maintenance | 30,729 | 30,750 | 30,750 | - |
| Liquor Control Tax | 16,372 | 16,754 | 16,400 | 354 |
| Federal/State/County Aid | 35,639 | 389,717 | 608,469 | (218,752) |
| Licenses and Fees | | | | |
| Licenses and Permits | 27,835 | 28,437 | 33,200 | (4,763) |
| Fines and Penalties | 191,279 | 156,990 | 203,800 | (46,810) |
| Charges for Services | 9,724 | 16,089 | - | 16,089 |
| Use of Money and Property | | | | |
| Interest Income | 65,180 | 38,121 | 30,000 | 8,121 |
| Rent | 47,025 | 6,620 | 5,500 | 1,120 |
| Other Receipts | | | | |
| Grants | 32,333 | 35,594 | - | 35,594 |
| Reimbursed Expenditures | 44,641 | 25,324 | 12,500 | 12,824 |
| Insurance Proceeds | 43,674 | - | - | - |
| Miscellaneous | 51,738 | 23,807 | 10,350 | 13,457 |
| Transfer from | 170,700 | 166,980 | 166,980 | - |
| Total Cash Receipts | <u>3,756,539</u> | <u>4,158,738</u> | <u>4,259,297</u> | <u>(100,559)</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| GENERAL FUND | 2009 | 2010 | | Variance - |
|--------------------------------|---------|---------|-----------|-----------------|
| | Actual | Actual | Budget | Over (Under) |
| Departmental Expenditures | | | | |
| Administrative | | | | |
| Salaries and Benefits | 203,587 | 311,234 | 218,747 | 92,487 |
| Contractual Services | 6,929 | 5,546 | 11,000 | (5,454) |
| Services and Supplies | 121,267 | 135,189 | 165,575 | (30,386) |
| Capital Outlay | 277,997 | 398,985 | 1,912,773 | (1,513,788) |
| Total | 609,780 | 850,954 | 2,308,095 | (1,457,141) |
| Police | | | | |
| Salaries and Benefits | 859,629 | 858,549 | 913,934 | (55,385) |
| Services and Supplies | 123,085 | 118,318 | 143,350 | (25,032) |
| Capital Outlay | 6,417 | 2,416 | 1,200 | 1,216 |
| Total | 989,131 | 979,283 | 1,058,484 | (79,201) |
| Fire | | | | |
| Salaries and Benefits | 520,455 | 495,555 | 597,283 | (101,728) |
| Services and Supplies | 53,637 | 52,018 | 74,950 | (22,932) |
| Capital Outlay | 8,343 | 9,598 | 20,100 | (10,502) |
| Total | 582,435 | 557,171 | 692,333 | (135,162) |
| Streets and Alley | | | | |
| Salaries and Benefits | 291,078 | 312,299 | 316,577 | (4,278) |
| Contractual Services | - | 576 | 2,500 | (1,924) |
| Services and Supplies | 254,998 | 255,065 | 239,900 | 15,165 |
| Capital Outlay | 20,479 | 218,358 | 465,835 | (247,477) |
| Total | 566,555 | 786,298 | 1,024,812 | (238,514) |
| Bindweed and Flood Maintenance | | | | |
| Salaries and Benefits | 59,374 | 60,782 | 67,093 | (6,311) |
| Services and Supplies | 40,434 | 52,834 | 57,825 | (4,991) |
| Capital Outlay | - | 2,716 | 12,000 | (9,284) |
| Total | 99,808 | 116,332 | 136,918 | (20,586) |
| Parks and Recreation | | | | |
| Salaries and Benefits | 129,652 | 125,582 | 146,915 | (21,333) |
| Contractual Services | - | - | 1,000 | (1,000) |
| Services and Supplies | 57,895 | 66,206 | 72,525 | (6,319) |
| Capital Outlay | - | - | 3,000 | (3,000) |
| Total | 187,547 | 191,788 | 223,440 | (31,652) |
| Pool | | | | |
| Services and Supplies | 14,148 | 8,901 | 12,850 | (3,949) |
| Total | 14,148 | 8,901 | 12,850 | (3,949) |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| GENERAL FUND | 2009 | 2010 | | Variance - |
|------------------------------------|---------------------|------------------|------------------|-------------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Over (Under)</u> |
| Departmental Expenditures | | | | |
| Community Development | | | | |
| Salaries and Benefits | 149,175 | 135,502 | 156,876 | (21,374) |
| Contractual Services | - | - | 5,000 | (5,000) |
| Services and Supplies | 20,558 | 15,416 | 13,950 | 1,466 |
| Total | <u>169,733</u> | <u>150,918</u> | <u>175,826</u> | <u>(24,908)</u> |
| Inspection | | | | |
| Salaries and Benefits | 60,481 | 57,875 | 75,054 | (17,179) |
| Contractual Services | 2,475 | - | 15,000 | (15,000) |
| Services and Supplies | 16,514 | 8,842 | 27,580 | (18,738) |
| Total | <u>79,470</u> | <u>66,717</u> | <u>117,634</u> | <u>(50,917)</u> |
| Municipal Court | | | | |
| Salaries and Benefits | 74,730 | 74,816 | 80,971 | (6,155) |
| Contractual Services | 4,299 | 4,282 | 4,000 | 282 |
| Services and Supplies | 57,552 | 43,440 | 77,325 | (33,885) |
| Total | <u>136,581</u> | <u>122,538</u> | <u>162,296</u> | <u>(39,758)</u> |
| Senior Center and Transportation | | | | |
| Salaries and Benefits | 28,459 | 37,176 | 32,476 | 4,700 |
| Contractual Services | 7,200 | 6,600 | 8,000 | (1,400) |
| Services and Supplies | 46,387 | 40,130 | 59,474 | (19,344) |
| Total | <u>82,046</u> | <u>83,906</u> | <u>99,950</u> | <u>(16,044)</u> |
| Civic Center | | | | |
| Services and Supplies | 27,876 | 27,702 | 30,700 | (2,998) |
| Capital Outlay | 10,550 | 7,356 | - | 7,356 |
| Total | <u>38,426</u> | <u>35,058</u> | <u>30,700</u> | <u>4,358</u> |
| Other Expenditures | | | | |
| Transfer to | 314,000 | 272,000 | 272,000 | - |
| Total Expenditures | <u>3,869,660</u> | <u>4,221,864</u> | <u>6,315,338</u> | <u>(2,093,474)</u> |
| Receipts Over (Under) Expenditures | (113,121) | (63,126) | | |
| Unencumbered Cash, January 1 | 2,218,735 | 2,163,662 | | |
| Prior Year Cancelled Encumbrances | 58,048 | - | | |
| Unencumbered Cash, December 31 | <u>\$ 2,163,662</u> | <u>2,100,536</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2010
 (WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|------------------------------------|------------------|----------------|---------------|-------------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Over (Under)</u> |
| <u>AIRPORT</u> | | | | |
| Cash Receipts: | | | | |
| Taxes and Shared Revenue | | | | |
| Ad Valorem Property Tax | \$ 23,454 | 23,377 | 24,000 | (623) |
| Delinquent Tax | 294 | 347 | - | 347 |
| Motor Vehicle Tax | 3,438 | 3,153 | 3,382 | (229) |
| Intergovernmental Revenue | | | | |
| Federal Aviation Administration | 61,529 | 39,824 | - | 39,824 |
| KDOT Funds | - | 10,000 | - | 10,000 |
| Other Receipts | | | | |
| Contract Payments | 14,593 | 11,275 | 12,840 | (1,565) |
| Reimbursed Expenses | 2,044 | 15 | 100 | (85) |
| Interest Income | 479 | 127 | 500 | (373) |
| Transfers | 20,601 | - | - | - |
| Total Cash Receipts | <u>126,432</u> | <u>88,118</u> | <u>40,822</u> | <u>47,296</u> |
| Expenditures: | | | | |
| Services and Supplies | 18,773 | 22,784 | 25,450 | (2,666) |
| Capital Outlay | 108,617 | 94,477 | 48,725 | 45,752 |
| Total Expenditures | <u>127,390</u> | <u>117,261</u> | <u>74,175</u> | <u>43,086</u> |
| Receipts Over (Under) Expenditures | (958) | (29,143) | | |
| Unencumbered Cash, January 1 | 60,850 | 83,477 | | |
| Prior Year Cancelled Encumbrances | 23,585 | - | | |
| Unencumbered Cash, December 31 | <u>\$ 83,477</u> | <u>54,334</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|---|------------------|---------------|---------------|-------------------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Over</u> <u>(Under)</u> |
| <u>FIRE APPARATUS</u> | | | | |
| Cash Receipts: | | | | |
| Ad Valorem Property Tax | \$ 29,331 | 29,233 | 30,000 | (767) |
| Delinquent Tax | 365 | 421 | 100 | 321 |
| Motor Vehicle Tax | 4,299 | 3,942 | 4,228 | (286) |
| Lease Purchase - Fire Truck | 13,700 | - | - | - |
| Interest Income | 63 | 59 | 50 | 9 |
| Total Cash Receipts | <u>47,758</u> | <u>33,655</u> | <u>34,378</u> | <u>(723)</u> |
| Expenditures: | | | | |
| Capital Outlay | <u>30,002</u> | <u>15,771</u> | <u>34,423</u> | <u>(18,652)</u> |
| Receipts Over (Under) Expenditures | 17,756 | 17,884 | | |
| Unencumbered Cash, January 1 | 8,062 | 25,818 | | |
| Unencumbered Cash, December 31 | <u>\$ 25,818</u> | <u>43,702</u> | | |
| <u>SPECIAL PARK AND RECREATION</u> | | | | |
| Cash Receipts: | | | | |
| Alcohol Tax | \$ 16,372 | 16,754 | 16,400 | 354 |
| Interest Income | 229 | 36 | 300 | (264) |
| Gifts and Donations | 3,742 | - | - | - |
| Total Cash Receipts | <u>20,343</u> | <u>16,790</u> | <u>16,700</u> | <u>90</u> |
| Expenditures: | | | | |
| Capital Outlay | <u>36,670</u> | <u>13,592</u> | <u>46,249</u> | <u>(32,657)</u> |
| Receipts Over (Under) Expenditures | (16,327) | 3,198 | | |
| Unencumbered Cash, January 1 | 45,019 | 28,692 | | |
| Unencumbered Cash, December 31 | <u>\$ 28,692</u> | <u>31,890</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|--|------------------|----------------|----------------|-------------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Over (Under)</u> |
| <u>SPECIAL ALCOHOL AND DRUG</u> | | | | |
| Cash Receipts: | | | | |
| Alcohol Tax | \$ 16,372 | 16,754 | 16,400 | 354 |
| Interest Income | 170 | 25 | 300 | (275) |
| Total Cash Receipts | <u>16,542</u> | <u>16,779</u> | <u>16,700</u> | <u>79</u> |
| Expenditures: | | | | |
| Awards and Contributions | 4,500 | 4,500 | 22,403 | (17,903) |
| D.A.R.E. Activities | 472 | 939 | 4,000 | (3,061) |
| Capital Outlay | 36,422 | - | 22,500 | (22,500) |
| Total Expenditures | <u>41,394</u> | <u>5,439</u> | <u>48,903</u> | <u>(43,464)</u> |
| Receipts Over (Under) Expenditures | (24,852) | 11,340 | | |
| Unencumbered Cash, January 1 | 39,416 | 14,564 | | |
| Unencumbered Cash, December 31 | <u>\$ 14,564</u> | <u>25,904</u> | | |
| <u>LIBRARY</u> | | | | |
| Cash Receipts: | | | | |
| Ad Valorem Property Tax | \$ 235,485 | 228,356 | 234,533 | (6,177) |
| Delinquent Tax | 2,800 | 3,120 | 1,500 | 1,620 |
| Motor Vehicle Tax | 33,782 | 31,823 | 33,929 | (2,106) |
| Total Cash Receipts | <u>272,067</u> | <u>263,299</u> | <u>269,962</u> | <u>(6,663)</u> |
| Expenditures: | | | | |
| Transfer to component units | 274,521 | 263,299 | 269,962 | (6,663) |
| Receipts Over (Under) Expenditures | (2,454) | - | | |
| Unencumbered Cash, January 1 | 2,454 | - | | |
| Unencumbered Cash, December 31 | <u>\$ -</u> | <u>-</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|--------------------------------------|------------------|----------------|----------------|-------------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Over (Under)</u> |
| <u>TOURISM AND CONVENTION</u> | | | | |
| Cash Receipts: | | | | |
| Transient Guest Tax | \$ 137,843 | 152,832 | 140,000 | 12,832 |
| Charges for Services | 18,284 | 18,464 | 19,500 | (1,036) |
| Gifts and Donations | 131 | 64 | - | 64 |
| Interest Income | 60 | 43 | 50 | (7) |
| Reimbursed Expenses | 34,445 | 29,509 | 39,170 | (9,661) |
| Miscellaneous Revenue | - | 4,240 | - | 4,240 |
| Transfer from | 25,000 | 25,000 | 25,000 | - |
| Total Cash Receipts | <u>215,763</u> | <u>230,152</u> | <u>223,720</u> | <u>6,432</u> |
| Expenditures: | | | | |
| Salaries and Benefits | 98,936 | 107,529 | 111,924 | (4,395) |
| Services and Supplies | 102,709 | 104,780 | 106,522 | (1,742) |
| Capital Outlay | 802 | 1,840 | - | 1,840 |
| Trolley Expenses | 8,750 | 7,593 | 13,554 | (5,961) |
| Total Expenditures | <u>211,197</u> | <u>221,742</u> | <u>232,000</u> | <u>(10,258)</u> |
| Receipts Over (Under) Expenditures | 4,566 | 8,410 | | |
| Unencumbered Cash, January 1 | 8,172 | 12,738 | | |
| Unencumbered Cash, December 31 | <u>\$ 12,738</u> | <u>21,148</u> | | |
| <u>SPECIAL STREET</u> | | | | |
| Cash Receipts: | | | | |
| Fuel Tax | \$ 160,316 | 170,084 | 182,810 | (12,726) |
| ASVRR Funds | 8,691 | - | 25,000 | (25,000) |
| KDOT Funds | - | - | 266,667 | (266,667) |
| Interest Income | 5,598 | 4,363 | 4,500 | (137) |
| Transfer from | 200,000 | - | - | - |
| Total Cash Receipts | <u>374,605</u> | <u>174,447</u> | <u>478,977</u> | <u>(304,530)</u> |
| Expenditures: | | | | |
| Contractual Services | 14,545 | 35,942 | 10,000 | 25,942 |
| Services and Supplies | 14,362 | 15,754 | 15,500 | 254 |
| Capital Outlay | 386,871 | 42,250 | 586,732 | (544,482) |
| Total Expenditures | <u>415,778</u> | <u>93,946</u> | <u>612,232</u> | <u>(518,286)</u> |
| Receipts Over (Under) Expenditures | (41,173) | 80,501 | | |
| Unencumbered Cash, January 1 | 96,895 | 55,722 | | |
| Unencumbered Cash, December 31 | <u>\$ 55,722</u> | <u>136,223</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|-------------------------------------|-------------------|----------------|----------------|-------------------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Over</u> <u>(Under)</u> |
| <u>RECREATION COMMISSION</u> | | | | |
| Cash Receipts: | | | | |
| Contract Payments | \$ 202,540 | 230,326 | 235,199 | (4,873) |
| Fees | 181,272 | 196,953 | 221,505 | (24,552) |
| Interest Income | 1,631 | 304 | - | 304 |
| Grants | 1,500 | 250 | - | 250 |
| Total Cash Receipts | <u>386,943</u> | <u>427,833</u> | <u>456,704</u> | <u>(28,871)</u> |
| Expenditures: | | | | |
| Administration | | | | |
| Salaries and Benefits | 156,231 | 166,180 | 187,381 | (21,201) |
| Contractual Services | 2,500 | 2,500 | 2,500 | - |
| Services and Supplies | 32,044 | 40,753 | 61,725 | (20,972) |
| Capital Outlay | - | - | 2,500 | (2,500) |
| Aquatics | | | | |
| Salaries and Benefits | 46,260 | 54,637 | 50,159 | 4,478 |
| Services and Supplies | 20,834 | 24,505 | 25,000 | (495) |
| Athletics | | | | |
| Salaries and Benefits | 25,135 | 32,115 | 39,013 | (6,898) |
| Services and Supplies | 35,063 | 34,146 | 45,750 | (11,604) |
| Capital Outlay | 48 | 2,963 | 3,000 | (37) |
| Community Education | | | | |
| Salaries and Benefits | 4,089 | 3,442 | 8,401 | (4,959) |
| Services and Supplies | 4,421 | 3,259 | 3,114 | 145 |
| Community Center | | | | |
| Salaries and Benefits | 39,865 | 41,038 | 44,498 | (3,460) |
| Contractual Services | - | 800 | - | 800 |
| Services and Supplies | 41,378 | 38,727 | 46,200 | (7,473) |
| Special Projects | 25,000 | 9,035 | 60,000 | (50,965) |
| Total Expenditures | <u>432,868</u> | <u>454,100</u> | <u>579,241</u> | <u>(125,141)</u> |
| Receipts Over (Under) Expenditures | (45,925) | (26,267) | | |
| Unencumbered Cash, January 1 | 206,211 | 160,286 | | |
| Unencumbered Cash, December 31 | <u>\$ 160,286</u> | <u>134,019</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2010
 (WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|---------------------------------------|-------------------|----------------|---------------|-----------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | Over (Under) |
| <u>SPECIAL LIABILITY</u> | | | | |
| Cash Receipts: | | | | |
| Interest Income | \$ - | - | - | - |
| Expenditures: | | | | |
| Insurance Claims | - | - | 16,068 | (16,068) |
| Receipts Over (Under) Expenditures | - | - | | |
| Unencumbered Cash, January 1 | 16,067 | 16,067 | | |
| Unencumbered Cash, December 31 | <u>\$ 16,067</u> | <u>16,067</u> | | |
| <u>CAPITAL IMPROVEMENT</u> | | | | |
| Cash Receipts: | | | | |
| Ad Valorem Property Tax | \$ 24,450 | 24,336 | 25,000 | (664) |
| Delinquent Tax | 303 | 413 | - | 413 |
| Motor Vehicle Tax | 3,581 | 3,399 | 3,523 | (124) |
| Interest Income | 1,581 | 422 | 500 | (78) |
| Total Cash Receipts | <u>29,915</u> | <u>28,570</u> | <u>29,023</u> | <u>(453)</u> |
| Expenditures: | | | | |
| Special Projects | - | - | 297,330 | (297,330) |
| Receipts Over (Under) Expenditures | 29,915 | 28,570 | | |
| Unencumbered Cash, January 1 | 237,871 | 267,786 | | |
| Unencumbered Cash, December 31 | <u>\$ 267,786</u> | <u>296,356</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2010
 (WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|---|------------|---------|---------|-----------------|
| | Actual | Actual | Budget | Over (Under) |
| <u>EQUIPMENT RESERVE</u> | | | | |
| Cash Receipts: | | | | |
| Interest Income | \$ 955 | 274 | 1,000 | (726) |
| Lease Purchase | 30,000 | - | - | - |
| Transfers | 89,000 | 247,000 | 272,000 | (25,000) |
| Total Cash Receipts | 119,955 | 247,274 | 273,000 | 25,726 |
| Expenditures: | | | | |
| Capital Outlay | 132,013 | 232,538 | 391,788 | (159,250) |
| Receipts Over (Under) Expenditures | (12,058) | 14,736 | | |
| Unencumbered Cash, January 1 | 167,588 | 155,530 | | |
| Unencumbered Cash, December 31 | \$ 155,530 | 170,266 | | |
| <u>COMMUNITY CENTER</u> | | | | |
| Cash Receipts: | | | | |
| Interest Income | \$ 946 | 225 | 250 | (25) |
| Expenditures: | | | | |
| Capital Outlay | - | - | 153,268 | (153,268) |
| Receipts Over (Under) Expenditures | 946 | 225 | | |
| Unencumbered Cash, January 1 | 152,219 | 153,165 | | |
| Unencumbered Cash, December 31 | \$ 153,165 | 153,390 | | |
| <u>LIBRARY / POOL RENOVATION</u> | | | | |
| Cash Receipts: | | | | |
| Sales Tax Distribution | \$ 455,293 | 439,021 | 427,000 | 12,021 |
| Project Close Out | - | 182,386 | - | 182,386 |
| Interest Income | 13,307 | 253 | - | 253 |
| Bond and Interest Reimbursement | 7,505 | - | - | - |
| Total Cash Receipts | 476,105 | 621,660 | 427,000 | 194,660 |
| Expenditures: | | | | |
| Bond Principal | 320,000 | 290,000 | - | 290,000 |
| Bond Interest | 156,105 | 120,689 | - | 120,689 |
| Total Expenditures | 476,105 | 410,689 | - | 410,689 |
| Receipts Over (Under) Expenditures | - | 210,971 | | |
| Unencumbered Cash, January 1 | - | - | | |
| Unencumbered Cash, December 31 | \$ - | 210,971 | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

DEBT SERVICE FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|------------------------------------|------------------|----------------|----------------|-------------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Over (Under)</u> |
| <u>BOND AND INTEREST</u> | | | | |
| Cash Receipts: | | | | |
| Ad Valorem Property Tax | \$ 17,259 | 64,807 | 66,529 | (1,722) |
| Delinquent Tax | 188 | 431 | - | 431 |
| Motor Vehicle Tax | 1,121 | 1,910 | 2,486 | (576) |
| Special Assessments | 161,539 | 247,198 | 242,049 | 5,149 |
| Impact Fees | - | 31,639 | - | 31,639 |
| Reimbursed Expenses | 29,792 | 4,889 | - | 4,889 |
| Interest Income | 8,897 | 3,674 | 7,500 | (3,826) |
| Total Cash Receipts | <u>218,796</u> | <u>354,548</u> | <u>318,564</u> | <u>35,984</u> |
| Expenditures: | | | | |
| Bond Principal | 240,000 | 270,000 | 270,000 | - |
| Bond Interest | 44,870 | 115,925 | 115,700 | 225 |
| Commission and Postage | - | - | 300 | (300) |
| Total Expenditures | <u>284,870</u> | <u>385,925</u> | <u>386,000</u> | <u>(75)</u> |
| Receipts Over (Under) Expenditures | (66,074) | (31,377) | | |
| Unencumbered Cash, January 1 | <u>144,866</u> | <u>78,792</u> | | |
| Unencumbered Cash, December 31 | <u>\$ 78,792</u> | <u>47,415</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

CAPITAL PROJECT FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|---|---------------|---------------|---------------|-------------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Over (Under)</u> |
| <u>LIBRARY RENOVATION</u> | | | | |
| Cash Receipts: | | | | |
| Interest Income | \$ - | 114 | - | 114 |
| Reimbursed Expenses | - | 41,230 | - | 41,230 |
| Total Cash Receipts | - | 41,344 | - | 41,344 |
| Expenditures: | | | | |
| Capital Outlay | 1,790,262 | 147,338 | - | 147,338 |
| Administrative Fees | 100 | - | - | - |
| Excess Project Funds to Special Revenue | - | 182,386 | - | 182,386 |
| Bond and Interest Reimbursement | 7,505 | - | - | - |
| Total Expenditures | 1,797,867 | 329,724 | - | 329,724 |
| Receipts Over (Under) Expenditures | (1,797,867) | (288,380) | | |
| Unencumbered Cash, January 1 | 2,086,247 | 288,380 | | |
| Unencumbered Cash, December 31 | \$ 288,380 | - | | |
| <u>POOL RENOVATION</u> | | | | |
| Cash Receipts: | | | | |
| Donations and Tax Credit | \$ 99,382 | - | - | - |
| Transfer from | - | - | - | - |
| Transfer from General to Close | 48,863 | - | - | - |
| Total Cash Receipts | 148,245 | - | - | - |
| Expenditures: | | | | |
| Capital Outlay | 1,408,011 | - | - | - |
| Administrative Fees | 916 | - | - | - |
| Total Expenditures | 1,408,927 | - | - | - |
| Receipts Over (Under) Expenditures | (1,260,682) | - | | |
| Unencumbered Cash, January 1 | 1,260,682 | - | | |
| Unencumbered Cash, December 31 | \$ - | - | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

CAPITAL PROJECT FUNDS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2010

(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 |
|------------------------------------|------------------|----------|
| <u>CEDAR RIDGE ESTATES*</u> | | |
| Cash Receipts: | | |
| Temporary Note Proceeds | \$ 160,000 | - |
| Sale of G.O. Bonds | 857,816 | - |
| Interest Income | 134 | - |
| Total Cash Receipts | <u>1,017,950</u> | <u>-</u> |
| Expenditures: | | |
| Pay Off/Reissue Temporary Note | 1,016,880 | - |
| Capital Outlay | 41,999 | - |
| Administrative Fees | 12,365 | - |
| Interest Expense | 28,715 | - |
| Total Expenditures | <u>1,099,959</u> | <u>-</u> |
| Receipts Over (Under) Expenditures | (82,009) | - |
| Unencumbered Cash, January 1 | 82,009 | - |
| Unencumbered Cash, December 31 | <u>\$ -</u> | <u>-</u> |
| <u>EASTRIDGE ESTATES*</u> | | |
| Cash Receipts: | | |
| Sale of G.O. Bonds | \$ 478,450 | - |
| Special Assessments | 18,507 | - |
| Reimbursements | 18,799 | - |
| Interest Income | - | - |
| Total Cash Receipts | <u>515,756</u> | <u>-</u> |
| Expenditures: | | |
| Redeem Temporary Notes | 460,000 | - |
| Construction Costs | 22,263 | - |
| Contractual Services | 751 | - |
| Capital Outlay | - | - |
| Administrative Fees | 10,244 | - |
| Interest Payment on Loan | 16,093 | - |
| Total Expenditures | <u>509,351</u> | <u>-</u> |
| Receipts Over (Under) Expenditures | 6,405 | - |
| Unencumbered Cash, January 1 | (6,405) | - |
| Unencumbered Cash, December 31 | <u>\$ -</u> | <u>-</u> |

* Not Budgeted

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

CAPITAL PROJECT FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | <u>2009</u> | <u>2010</u> |
|---------------------------------------|-------------------|----------------|
| <u>THE HIGHLANDS ADDITION*</u> | | |
| Cash Receipts: | | |
| Interest Income | \$ 6,182 | 892 |
| To Close Fund | - | 42,464 |
| Total Cash Receipts | <u>6,182</u> | <u>43,356</u> |
| Expenditures: | | |
| Contractual Services | 62,412 | - |
| Services and Supplies | - | 373 |
| Construction Costs | 351,300 | - |
| Interest Payment on Loan | 94,000 | - |
| Special Assessments Paid | - | 128,551 |
| Administrative Fees | - | 65,221 |
| Total Expenditures | <u>507,712</u> | <u>194,145</u> |
| Receipts Over (Under) Expenditures | (501,530) | (150,789) |
| Unencumbered Cash, January 1 | 1,158,691 | 657,161 |
| Unencumbered Cash, December 31 | <u>\$ 657,161</u> | <u>506,372</u> |
| <u>DAWSON 4*</u> | | |
| Cash Receipts: | | |
| Sale of G.O. Bonds | \$ 399,030 | - |
| Interest Income | 102 | - |
| Total Cash Receipts | <u>399,132</u> | <u>-</u> |
| Expenditures: | | |
| Redeem Temporary Notes | 405,000 | - |
| Administrative Fees | 10,243 | - |
| Interest Payment on Loan | 9,936 | - |
| Total Expenditures | <u>425,179</u> | <u>-</u> |
| Receipts Over (Under) Expenditures | (26,047) | - |
| Unencumbered Cash, January 1 | 26,047 | - |
| Unencumbered Cash, December 31 | <u>\$ -</u> | <u>-</u> |

* Not Budgeted

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

CAPITAL PROJECTS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | <u>2009</u> | <u>2010</u> |
|---|-----------------|-------------|
| <u>WASTEWATER TREATMENT PLANT PROJECT*</u> | | |
| Cash Receipts: | | |
| Loan - KDHE | \$ 374,805 | - |
| Interest Income | 9,459 | - |
| Total Cash Receipts | <u>384,264</u> | <u>-</u> |
| Expenditures: | | |
| Contractual | 15,493 | - |
| Capital Outlay | 359,312 | - |
| Total Expenditures | <u>374,805</u> | <u>-</u> |
| Receipts Over (Under) Expenditures | 9,459 | - |
| Unencumbered Cash, January 1 | (9,459) | - |
| Unencumbered Cash, December 31 | <u>\$ -</u> | <u>-</u> |
| <u>AUTOMATED METER READER SYSTEM*</u> | | |
| Cash Receipts: | | |
| Interest Income | \$ - | - |
| Expenditures: | | |
| Transfer To Water | - | 8,412 |
| Receipts Over (Under) Expenditures | - | (8,412) |
| Unencumbered Cash, January 1 | 8,412 | 8,412 |
| Unencumbered Cash, December 31 | <u>\$ 8,412</u> | <u>-</u> |

* Not Budgeted

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

ENTERPRISE FUNDS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2010
 (WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|--|-------------------|------------------|------------------|-----------------|
| | Actual | Actual | Budget | Over (Under) |
| <u>WATER UTILITY</u> | | | | |
| Cash Receipts: | | | | |
| Charges for Services | \$ 1,227,755 | 1,242,971 | 1,365,500 | (122,529) |
| Sales Tax | 250 | 747 | - | 747 |
| Fines and Penalties | 23,083 | 22,070 | 20,000 | 2,070 |
| Reimbursed Expenses | 9,218 | 8,042 | 3,000 | 5,042 |
| Interest Income | 20,214 | 12,238 | 25,000 | (12,762) |
| Miscellaneous Income | 19,395 | 13,162 | 7,250 | 5,912 |
| Transfer From | - | 308,412 | 8,412 | 300,000 |
| Total Cash Receipts | <u>1,299,915</u> | <u>1,607,642</u> | <u>1,429,162</u> | <u>178,480</u> |
| Expenditures: | | | | |
| Wells Production and Water Treatment Plant | | | | |
| Salaries and Benefits | 123,353 | 138,542 | 137,835 | 707 |
| Contractual Services | 8 | - | - | - |
| Services and Supplies | 179,374 | 199,597 | 238,575 | (38,978) |
| Capital Outlay | 69,999 | 12,508 | 50,000 | (37,492) |
| Water Distribution | | | | |
| Salaries and Benefits | 116,536 | 130,157 | 156,278 | (26,121) |
| Services and Supplies | 93,327 | 195,215 | 84,250 | 110,965 |
| Capital Outlay | 66,187 | 45,237 | 40,000 | 5,237 |
| Commercial | | | | |
| Salaries and Benefits | 122,307 | 132,319 | 128,803 | 3,516 |
| Contractual Services | 5,217 | 4,050 | 6,500 | (2,450) |
| Services and Supplies | 64,795 | 78,363 | 61,350 | 17,013 |
| Capital Outlay | 412 | - | 7,585 | (7,585) |
| Debt Service | | | | |
| Principal Payments | 322,259 | 334,963 | 334,963 | - |
| Interest Payments | 80,463 | 53,467 | 69,200 | (15,733) |
| Commissions and Postage | 2,943 | 2,706 | 2,806 | (100) |
| Lease Purchase | 138,343 | 138,343 | 148,284 | (9,941) |
| Transfers | 215,000 | 85,000 | 85,000 | - |
| Total Expenditures | <u>1,600,523</u> | <u>1,550,467</u> | <u>1,551,429</u> | <u>(962)</u> |
| Receipts Over (Under) Expenditures | (300,608) | 57,175 | | |
| Unencumbered Cash, January 1 | 470,190 | 189,296 | | |
| Prior Year Cancelled Encumbrances | 19,714 | - | | |
| Unencumbered Cash, December 31 | <u>\$ 189,296</u> | <u>246,471</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

ENTERPRISE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|------------------------------------|---------------------|------------------|------------------|--------------------|
| | Actual | Actual | Budget | Over (Under) |
| <u>WASTEWATER UTILITY</u> | | | | |
| Cash Receipts: | | | | |
| Charges for Services | \$ 1,585,681 | 1,478,054 | 1,461,000 | 17,054 |
| Interest Income | 17,784 | 11,593 | 10,000 | 1,593 |
| Reimbursed Expenses | 8,658 | 11,821 | 1,000 | 10,821 |
| Refunds | 2,924 | 33 | - | 33 |
| Total Cash Receipts | <u>1,615,047</u> | <u>1,501,501</u> | <u>1,472,000</u> | <u>29,501</u> |
| Expenditures: | | | | |
| Collection | | | | |
| Salary and Benefits | 48,490 | 53,525 | 63,830 | (10,305) |
| Contractual Services | - | - | 5,000 | (5,000) |
| Services and Supplies | 21,291 | 28,712 | 41,100 | (12,388) |
| Capital Outlay | 36,043 | 46,566 | 48,000 | (1,434) |
| Wastewater Treatment Plant | | | | |
| Salary and Benefits | 120,436 | 97,154 | 140,447 | (43,293) |
| Contractual Services | - | - | 5,000 | (5,000) |
| Services and Supplies | 245,244 | 241,477 | 255,300 | (13,823) |
| Capital Outlay | 2,400 | 6,921 | 5,000 | 1,921 |
| Commercial | | | | |
| Salary and Benefits | 122,311 | 122,996 | 128,804 | (5,808) |
| Contractual Services | 5,217 | 4,050 | 6,500 | (2,450) |
| Services and Supplies | 39,106 | 63,170 | 58,280 | 4,890 |
| Capital Outlay | 10,710 | 231 | 1,582,879 | (1,582,648) |
| Debt Service | | | | |
| Principal Payments | 381,549 | 383,748 | 382,085 | 1,663 |
| Interest Payments | 197,783 | 195,782 | 197,285 | (1,503) |
| Commissions | 21,032 | 20,834 | 20,994 | (160) |
| Transfers | <u>109,000</u> | <u>109,000</u> | <u>109,000</u> | <u>-</u> |
| Total Expenditures | <u>1,360,612</u> | <u>1,374,166</u> | <u>3,049,504</u> | <u>(1,675,338)</u> |
| Receipts Over (Under) Expenditures | 254,435 | 127,335 | | |
| Unencumbered Cash, January 1 | <u>1,506,956</u> | <u>1,761,391</u> | | |
| Unencumbered Cash, December 31 | <u>\$ 1,761,391</u> | <u>1,888,726</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

ENTERPRISE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|---|-------------------|----------------|------------------|-------------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Over (Under)</u> |
| <u>EQUIPMENT RESERVE - WATER</u> | | | | |
| Cash Receipts: | | | | |
| Interest Income | \$ 5,400 | 1,275 | 8,000 | (6,725) |
| Transfers | 137,000 | 10,000 | 91,000 | (81,000) |
| Total Cash Receipts | <u>142,400</u> | <u>11,275</u> | <u>99,000</u> | <u>(87,725)</u> |
| Expenditures: | | | | |
| Capital Outlay | 55,650 | 57,899 | 1,146,754 | (1,088,855) |
| Transfers To | - | 300,000 | - | 300,000 |
| Total Expenditures | <u>55,650</u> | <u>357,899</u> | <u>1,146,754</u> | <u>(788,855)</u> |
| Receipts Over (Under) Expenditures | 86,750 | (346,624) | | |
| Unencumbered Cash, January 1 | 821,154 | 907,904 | | |
| Unencumbered Cash, December 31 | <u>\$ 907,904</u> | <u>561,280</u> | | |
| | | | | |
| <u>EQUIPMENT RESERVE - SEWER</u> | | | | |
| Cash Receipts: | | | | |
| Interest Income | \$ 1,041 | 284 | 1,500 | (1,216) |
| Transfers | 25,000 | 25,000 | 25,000 | - |
| Total Cash Receipts | <u>26,041</u> | <u>25,284</u> | <u>26,500</u> | <u>(1,216)</u> |
| Expenditures | <u>-</u> | <u>-</u> | <u>205,277</u> | <u>(205,277)</u> |
| Receipts Over (Under) Expenditures | 26,041 | 25,284 | | |
| Unencumbered Cash, January 1 | 151,778 | 177,819 | | |
| Unencumbered Cash, December 31 | <u>\$ 177,819</u> | <u>203,103</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

ENTERPRISE FUNDS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2010
 (WITH COMPARATIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2009)

| | 2009 | 2010 | | Variance - |
|------------------------------------|-------------------|----------------|----------------|------------------|
| | Actual | Actual | Budget | Over (Under) |
| <u>RECYCLING</u> | | | | |
| Cash Receipts: | | | | |
| Charges for Services | \$ 57,075 | 57,431 | 56,000 | 1,431 |
| Interest Income | 2,143 | 489 | 500 | (11) |
| Reimbursed Expenses | 70 | - | - | - |
| Miscellaneous Income | 24,477 | 40,008 | 10,000 | 30,008 |
| Total Cash Receipts | <u>83,765</u> | <u>97,928</u> | <u>66,500</u> | <u>31,428</u> |
| Expenditures: | | | | |
| Salaries and Benefits | 44,851 | 42,584 | 47,235 | (4,651) |
| Contractual Services | 19,500 | 23,833 | 40,000 | (16,167) |
| Services and Supplies | 19,631 | 22,362 | 23,925 | (1,563) |
| Capital Outlay | 17,696 | 350 | 273,711 | (273,361) |
| Transfers | 4,680 | 3,960 | 3,960 | - |
| Total Expenditures | <u>106,358</u> | <u>93,089</u> | <u>388,831</u> | <u>(295,742)</u> |
| Receipts Over (Under) Expenditures | (22,593) | 4,839 | | |
| Unencumbered Cash, January 1 | 351,925 | 329,332 | | |
| Unencumbered Cash, December 31 | <u>\$ 329,332</u> | <u>334,171</u> | | |
| <u>STORM DRAIN</u> | | | | |
| Cash Receipts: | | | | |
| Charges for Services | \$ 66,052 | 66,622 | 67,000 | (378) |
| Interest Income | 2,524 | 701 | 3,000 | (2,299) |
| Total Cash Receipts | <u>68,576</u> | <u>67,323</u> | <u>70,000</u> | <u>(2,677)</u> |
| Expenditures: | | | | |
| Contractual Services | - | - | 10,000 | (10,000) |
| Capital Outlay | 4,378 | 46,441 | 510,656 | (464,215) |
| Transfers | 4,020 | 4,020 | 4,020 | - |
| Total Expenditures | <u>8,398</u> | <u>50,461</u> | <u>524,676</u> | <u>(474,215)</u> |
| Receipts Over (Under) Expenditures | 60,178 | 16,862 | | |
| Unencumbered Cash, January 1 | 391,676 | 451,854 | | |
| Unencumbered Cash, December 31 | <u>\$ 451,854</u> | <u>468,716</u> | | |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS

AGENCY FUNDS
SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

| <u>FUND</u> | Beginning Cash Balance | Cash Receipts | Cash Disbursements | Ending Cash Balance |
|--------------------|------------------------------|------------------|-----------------------|---------------------------|
| <u>AGENCY FUND</u> | | | | |
| Landfill | <u>\$ 5,353</u> | <u>34,370</u> | <u>34,401</u> | <u>\$ 5,322</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. General Statement

The City of Abilene, Kansas (City) was chartered March 16, 1868 and operates under a Commissioner-Manager form of government and provides the following services as authorized by its charter: public works, public safety, recreation and waterworks.

The accounting and reporting policies of the City relating to the funds and account groups included in the accompanying financial statements conform to the cash basis and budget laws of the State of Kansas (statutory basis). The more significant accounting policies of the City are described below.

B. Financial Reporting Entity

The City of Abilene, Kansas is a municipal corporation governed by an elected five-member council and mayor. These financial statements present The City of Abilene, Kansas, the primary government only. A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate units are referred to as component units. The primary government financial statements do not include the financial data of component units of The City of Abilene, Kansas.

C. Fund Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific regulations, restrictions, or limitations. Certain funds contain restricted cash because their use is limited by debt covenants, statutory requirements, grant requirements or are held in a fiduciary or agency capacity.

The following types of funds comprise the financial activities of the City for the year of 2010:

Governmental Funds:

General Fund – The General Fund is the main operating fund of the City. This Fund is used to account for all financial resources not accounted for in other funds and is therefore, unrestricted.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than special assessments, expendable trusts or major capital projects) that are restricted by law to expend for specified purposes.

Debt Service Funds – Debt Service funds are used to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the City.

Capital Project Funds – The Capital Project Funds are used to account for financial resources segregated for the acquisition of major capital facilities (other than those financed by Enterprise Funds).

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Fund Accounting (Continued)

Proprietary Funds:

Enterprise Funds – The Enterprise Funds are used for activities which are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenditures) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. These funds include: Water Utility, Equipment Reserve – Water, Equipment Reserve – Sewer, Recycling, Wastewater Utility, and Storm Drain.

Fiduciary Funds:

Trust and Agency Funds – The Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust Funds and Agency Funds.

D. Statutory /Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

E. Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance Sheets that would have shown non-cash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of the fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital Assets that account for the land, buildings and equipment

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Departure from Generally Accepted Accounting Principles (Continued)

owned by the City are not presented in the financial statements. Also long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

F. Budgetary Information

Kansas statutes require that an annual operating budget be adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- Preparation of the budget for the succeeding calendar year on or before August 1st.
- Publication in the local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or a contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for fiduciary funds, capital project funds, and permanent funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by use of internal spending limits established by the governing body.

G. Reclassifications

Certain amounts in 2009 have been reclassified to conform to the 2010 presentation.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

2. **DEPOSITS AND INVESTMENTS**

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated 'peak periods' when required coverage is 50%. The City has no designated 'peak periods.' All deposits were legally secured at December 31, 2010.

At December 31, 2010 the carrying amount of the City's deposits, including certificates of deposit, was \$8,205,879 and the bank balance was \$8,290,346. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$750,000 was covered by federal depository insurance; \$7,540,346 was collateralized with securities held by the pledging financial institution's agents in the City's name.

The City had no investments in 2010.

3. **SPECIAL ASSESSMENTS**

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

4. **LEASE COMMITMENTS**

During 2009, the City entered into a non-cancelable operating lease for a copier for the Convention and Visitors Bureau. For the year ended December 31, 2010, lease expenditures for the copier approximated \$2,863. The future minimum lease payments are as follows:

| | |
|------|---------|
| 2011 | \$2,967 |
| 2012 | 1,731 |

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

4. **LEASE COMMITMENTS (CONTINUED)**

In 2006, the City entered into a non-cancelable operating lease for a copier for the City offices. For the year ended December 31, 2010, lease expenditures approximated \$5,933. The future minimum lease payments are as follows:

| | |
|------|-------|
| 2011 | 3,774 |
|------|-------|

5. **CAPITAL PROJECTS**

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

| | Project Authorization | Cash Disbursements and Accounts Payable To Date |
|-----------------------------------|--------------------------|--|
| The Highlands Addition | 4,571,276 | 4,082,347 |
| Library Renovation | 2,194,325 | 2,142,920 |
| Total at December 31, 2010 | 6,765,601 | 6,225,267 |

6. **DEFINED BENEFIT PENSION PLAN**

Plan Description. The City contributes to the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for employees hired prior to July 1, 2009 and 6% of covered salary for employees hired on or after July 1, 2009. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates. The KPERS employer rate established for calendar year 2010 is 7.14%. The City's employer contributions to KPERS for the years ending December 31, 2010, 2009 and 2008 were \$100,489, \$88,004 and \$59,195 respectively, equal to the required contributions for each year as set forth by the legislature. The KP&F employer rate established for fiscal years beginning in 2010 is 12.86%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ending December 31, 2010, 2009 and 2008 were \$115,909, \$121,411, and \$123,978 respectively, equal to the required contributions for each year as set forth by the legislature.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

7. **OTHER POST-EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. The City pays 50% of the premium until age 62 to retirees with 10 or more years of service and each retiree is responsible for the balance. During the year ended December 31, 2010, approximately three retirees participated in this plan and the local government paid \$6,795 in premiums for these retirees. Any remaining subsidy to retirees due to the plan's level premium structure has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

8. **STATUTORY COMPLIANCE**

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the City Attorney.

Budget Law Compliance:

K.S.A. 79-2935 provides that it shall be unlawful for the governing body to create indebtedness in any fund in excess of the adopted budget of expenditures of such fund.

For the year ended December 31, 2010, the following special revenue funds were in violation of this statute: Airport and Library / Pool Renovation.

9. **LONG-TERM DEBT**

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, must be interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are usually retired from the proceeds of the sale of general obligation bonds.

The City issued general obligation bonds in 2010 to redeem the temporary notes outstanding at December 31, 2009.

10. **CONDUIT DEBT**

From time to time, the City has issued industrial revenue bonds to provide financial assistance to the private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are generally payable from and secured by the project financed and if needed, additional assets or revenues of the private-sector entity serviced by the bond issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the city, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2009, there was one industrial revenue bond outstanding. The principal amount payable at December 31, 2009 could not be determined, however, the original issue of the bond was \$1,750,000.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

11. DEVELOPMENT SURETY DEPOSITS

Under City statutes, the developers of certain subdivisions are required to provide security bonds from a surety bonding company payable to the City until the improvements are completed. In lieu of the surety bond, the developer may provide a surety deposit to the City to be held until the improvements are completed and deemed acceptable. The City entered into one such deposit agreement with the developer of the Highlands Addition. In 2008, the developer provided a deposit in the amount of \$262,869 and paid up front engineering costs of \$361,865 for the project. The City will be obligated to return the deposit and reimburse the developer for the engineering costs when a specified percentage of lots are occupied or 5 years from the issuance date of the surety.

12. COMMITMENTS AND CONTINGENCIES

Construction Contracts:

At December 31, 2010, the City had pending construction project contracts. Commitments related to significant contracts include contracts for the City's capital improvements.

Risk Management

The City of Abilene, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To insure against risk of these types of losses, the City has purchased commercial insurance coverage. Settled claims resulting from these risks have not exceeded commercial coverage in the past three fiscal years.

13. LITIGATION

As of June 6, 2011, the City has no claims of which are expected to have a material effect on the entity.

14. SUBSEQUENT EVENTS

The City's management has evaluated events and transactions occurring after December 31, 2010 through June 6, 2011, the date the financial statements were available to be issued.

15. INTERFUND TRANSACTIONS

Operating transfers were as follows:

| <u>From</u> | <u>To</u> | <u>Statutory Authority</u> | <u>Amount</u> |
|---------------------------|---------------------------|----------------------------|---------------|
| General Fund | Tourism and Convention | K.S.A. 12-1696 | 25,000 |
| General Fund | Equipment Reserve | K.S.A. 12-1,117 | 247,000 |
| Water – Production | Equipment Reserve – Water | K.S.A. 12-825d | 10,000 |
| Water – Commercial | General Fund | K.S.A. 12,825d | 75,000 |
| Recycling | General Fund | K.S.A. 12-825d | 3,960 |
| Sewer Fund | Equipment Reserve – Sewer | K.S.A. 12-825d | 25,000 |
| Sewer Fund | General Fund | K.S.A. 12-825d | 84,000 |
| Storm Drainage | General Fund | K.S.A. 12-825d | 4,020 |
| Equipment Reserve – Water | Water Fund | K.S.A. 12-825d | 300,000 |
| Automated Meter Reader | Water Fund | K.S.A. 12-825d | 8,412 |

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

16. **LONG TERM DEBT**

Changes in long-term liabilities for the City of Abilene, Kansas, for the year ended December 31, 2010, were as follows:

| <u>Issue</u> | <u>Interest Rates</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Date of Final Maturity</u> | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Reductions/ Payments</u> | <u>Net Change</u> | <u>Balance End of Year</u> | <u>2010 Interest Paid</u> |
|-----------------------------------|-----------------------|----------------------|------------------------|-------------------------------|----------------------------------|---------------------|-----------------------------|-----------------------|----------------------------|---------------------------|
| General Obligation Bonds: | | | | | | | | | | |
| 2002 - Enterprise Refunding Bonds | Var - 4.0% | 8/1/2002 | 2,685,000 | 9/1/2013 | 1,080,000 | - | 1,080,000 | (1,080,000) | - | 25,405 |
| 2003 - 21st & Brady | Var - 3.25% | 7/1/2003 | 1,300,000 | 9/1/2013 | 585,000 | - | 585,000 | (585,000) | - | 8,875 |
| 2005 Series A | Var - 4.1% | 6/15/2005 | 460,000 | 9/1/2015 | 300,000 | - | 45,000 | (45,000) | 255,000 | 10,090 |
| 2006 Series | Var - 4.5% | 9/1/2006 | 300,000 | 9/1/2017 | 265,000 | - | 30,000 | (30,000) | 235,000 | 10,558 |
| 2008 Series B | Var - 4.0% | 6/1/2008 | 3,700,000 | 6/1/2018 | 3,380,000 | - | 290,000 | (290,000) | 3,090,000 | 120,690 |
| 2009 Series | Var - 4.3% | 7/23/2009 | 1,780,000 | 9/1/2026 | 1,780,000 | - | 60,000 | (60,000) | 1,720,000 | 74,487 |
| 2010 Series A | Var - 4.6% | 4/28/2010 | 4,055,000 | 9/1/2030 | - | 4,055,000 | - | 4,055,000 | 4,055,000 | - |
| 2010 Series B | 2.50% | 4/28/2010 | 1,395,000 | 9/1/2013 | - | 1,395,000 | 135,000 | 1,260,000 | 1,260,000 | 11,916 |
| Total General Obligation Bonds | | | | | <u>7,390,000</u> | <u>5,450,000</u> | <u>2,225,000</u> | <u>3,225,000</u> | <u>10,615,000</u> | <u>262,021</u> |
| Revolving Loans | | | | | | | | | | |
| KDHE Project C20 1480 Sewer | 3.07% | 03/25/98 | 850,000 | 03/01/18 | 337,703 | - | 33,115 | (33,115) | 304,588 | 10,115 |
| KDHE Project 2001 Water | 3.98% | 12/07/98 | 1,400,000 | 02/01/19 | 790,381 | - | 69,963 | (69,963) | 720,418 | 30,768 |
| KDHE Waste Water Treatment Plant | 2.58% | 09/01/06 | 8,620,417 | 09/01/28 | 8,091,021 | - | 350,633 | (350,633) | 7,740,388 | 206,501 |
| Total Revolving Loans | | | | | <u>9,219,105</u> | <u>-</u> | <u>453,711</u> | <u>(453,711)</u> | <u>8,765,394</u> | <u>247,384</u> |
| Lease Purchase: | | | | | | | | | | |
| Quick Attack Fire Truck | 4.75% | 06/01/09 | 43,700 | 06/01/12 | 43,700 | - | 14,567 | (14,567) | 29,133 | 1,205 |
| Meter Reader System | 3.50% | 06/20/04 | 1,160,433 | 05/20/14 | 624,625 | - | 116,481 | (116,481) | 508,144 | 21,862 |
| Total Lease Purchase | | | | | <u>668,325</u> | <u>-</u> | <u>131,048</u> | <u>(131,048)</u> | <u>537,277</u> | <u>23,067</u> |
| Temporary Notes | | | | | | | | | | |
| The Highlands Addition | 2.33% | 05/15/08 | 4,000,000 | 05/15/10 | 4,000,000 | - | 4,000,000 | (4,000,000) | - | - |
| Total Temporary Notes | | | | | <u>4,000,000</u> | <u>-</u> | <u>4,000,000</u> | <u>(4,000,000)</u> | <u>-</u> | <u>-</u> |
| Total Contractual Indebtedness | | | | | <u>21,277,430</u> | <u>5,450,000</u> | <u>6,809,759</u> | <u>(1,359,759)</u> | <u>19,917,671</u> | <u>532,472</u> |
| Compensated Absences | | | | | | | | | | |
| Vacation Pay | | | | | 107,377 | - | 7,695 | (7,695) | 99,682 | - |
| Sick Pay | | | | | 25,729 | - | 71 | (71) | 25,658 | - |
| Total Compensated Absences | | | | | <u>133,106</u> | <u>-</u> | <u>7,766</u> | <u>(7,766)</u> | <u>125,340</u> | <u>-</u> |
| Total long-term debt | | | | | <u>\$ 21,410,536</u> | <u>\$ 5,450,000</u> | <u>\$ 6,817,525</u> | <u>\$ (1,367,525)</u> | <u>\$ 20,043,011</u> | <u>\$ 532,472</u> |

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

16. **LONG TERM DEBT (CONTINUED)**

Current maturities of long-term debt and interest through maturity are as follows:

| | Year | | | | | | | | Total |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016-2020 | 2021-2025 | 2026-2030 | |
| Principal | | | | | | | | | |
| General Obligation Bonds: | | | | | | | | | |
| 2005 Series A | \$ 45,000 | \$ 50,000 | \$ 50,000 | \$ 55,000 | \$ 55,000 | \$ - | \$ - | \$ - | \$ 255,000 |
| 2006 Series | 30,000 | 30,000 | 30,000 | 35,000 | 35,000 | 75,000 | - | - | 235,000 |
| 2008 Series B | 310,000 | 330,000 | 350,000 | 370,000 | 395,000 | 1,335,000 | - | - | 3,090,000 |
| 2009 Series | 70,000 | 70,000 | 80,000 | 80,000 | 80,000 | 450,000 | 515,000 | 375,000 | 1,720,000 |
| 2010 Series A | 95,000 | 150,000 | 155,000 | 155,000 | 160,000 | 905,000 | 1,090,000 | 1,345,000 | 4,055,000 |
| 2010 Series B | 430,000 | 440,000 | 390,000 | - | - | - | - | - | 1,260,000 |
| Total General Obligation Bonds | 980,000 | 1,070,000 | 1,055,000 | 695,000 | 725,000 | 2,765,000 | 1,605,000 | 1,720,000 | 10,615,000 |
| Revolving Loans | | | | | | | | | |
| KDHE Project C20 1480 Sewer | 34,139 | 35,195 | 36,284 | 37,407 | 161,563 | - | - | - | 304,588 |
| KDHE Project 2001 Water | 72,775 | 75,700 | 78,743 | 81,908 | 85,201 | 326,091 | - | - | 720,418 |
| KDHE Waste Water Treatment Plant | 355,020 | 364,238 | 373,696 | 383,400 | 393,355 | 2,125,396 | 2,416,047 | 1,329,236 | 7,740,388 |
| Total Revolving Loans | 461,934 | 475,133 | 488,723 | 502,715 | 640,119 | 2,451,487 | 2,416,047 | 1,329,236 | 8,765,394 |
| Lease Purchase: | | | | | | | | | |
| Quick Attack Fire Truck | 14,566 | 14,567 | - | - | - | - | - | - | 29,133 |
| Meter Reader System | 120,558 | 124,777 | 129,144 | 133,665 | - | - | - | - | 508,144 |
| Total Lease Purchase | 135,124 | 139,344 | 129,144 | 133,665 | - | - | - | - | 537,277 |
| Total Principal | \$ 1,577,058 | \$ 1,684,477 | \$ 1,672,867 | \$ 1,331,380 | \$ 1,365,119 | \$ 5,216,487 | \$ 4,021,047 | \$ 3,049,236 | \$ 19,917,671 |

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

16. **LONG TERM DEBT (CONTINUED)**

Current maturities of long-term debt and interest through maturity are as follows:

| | Year | | | | | | | | |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016-2020 | 2021-2025 | 2026-2030 | Total |
| Interest | | | | | | | | | |
| General Obligation Bonds | | | | | | | | | |
| 2005 Series A | \$ 8,695 | \$ 7,255 | \$ 5,605 | \$ 3,905 | \$ 1,953 | \$ - | \$ - | \$ - | \$ 27,413 |
| 2006 Series | 9,343 | 8,128 | 6,912 | 5,728 | 4,345 | 4,543 | - | - | 38,999 |
| 2008 Series B | 108,690 | 96,303 | 84,515 | 72,625 | 59,225 | 81,012 | - | - | 502,370 |
| 2009 Series | 63,647 | 60,847 | 58,047 | 55,648 | 53,248 | 229,385 | 141,202 | 15,998 | 678,022 |
| 2010 Series A | 213,947 | 157,089 | 153,339 | 149,464 | 144,814 | 630,669 | 438,643 | 189,095 | 2,077,060 |
| 2010 Series B | 31,500 | 20,750 | 9,750 | - | - | - | - | - | 62,000 |
| Total General Obligation Bonds | 435,822 | 350,372 | 318,168 | 287,370 | 263,585 | 945,609 | 579,845 | 205,093 | 3,385,864 |
| Revolving Loans | | | | | | | | | |
| KDHE Project C20 1480 Sewer | 9,091 | 8,035 | 6,946 | 5,823 | 11,358 | - | - | - | 41,253 |
| KDHE Project 2001 Water | 27,956 | 25,030 | 21,988 | 18,822 | 15,530 | 26,468 | - | - | 135,794 |
| KDHE Waste Water Treatment Plant | 197,427 | 188,208 | 178,750 | 169,047 | 159,091 | 636,837 | 346,185 | 51,881 | 1,927,426 |
| Total Revolving Loans | 234,474 | 221,273 | 207,684 | 193,692 | 185,979 | 663,305 | 346,185 | 51,881 | 2,104,473 |
| Lease Purchase: | | | | | | | | | |
| Quick Attack Fire Truck | 792 | 396 | - | - | - | - | - | - | 1,188 |
| Meter Reader System | 17,785 | 13,565 | 9,198 | 4,678 | - | - | - | - | 45,226 |
| Total Lease Purchase | 18,577 | 13,961 | 9,198 | 4,678 | - | - | - | - | 46,414 |
| Total Interest | 688,873 | 585,606 | 535,050 | 485,740 | 449,564 | 1,608,914 | 926,030 | 256,974 | 5,536,751 |
| Total Principal and Interest Payments | \$ 2,265,931 | \$ 2,270,083 | \$ 2,207,917 | \$ 1,817,120 | \$ 1,814,683 | \$ 6,825,401 | \$ 4,947,077 | \$ 3,306,210 | \$ 25,454,422 |

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

17. SELF-INSURANCE PROGRAM

In 2010, the City implemented a partially funded self-insurance plan for its employees' health care costs through Kaw Valley Insurance. The City is liable for losses on claims up to \$30,000 per insured and \$515,609 in total for the year. The plan has fixed costs of \$183,708. The City has third-party insurance coverage for any losses in excess of such amounts. Management believes claims incurred, but not reported, are insignificant at December 31, 2010. Changes in claims liability for 2010 were as follows:

| | 2010 |
|-------------------|------------------|
| Beginning Balance | \$ - |
| Additions | 654,593 |
| Payments | 581,326 |
| Ending Balance | <u>\$ 73,267</u> |

In 2010, the City entered into an agreement with American Family Life Assurance Company (AFLAC) to offer a Flexible Benefits Plan to its employees. In order to establish the plan, the City contributed \$500 for each employee.

18. COMPENSATED ABSENCES

The City's policy regarding vacation and leave allows employees to accumulate vacation and sick leave based on years of continuous service as follows:

Vacation Time:

Vacation leave is earned by the month. If an employee leaves the City, they are entitled to a payment of all accrued vacation pay earned prior to termination or resignation.

| <u>Years of Continuous Service</u> | <u>Vacation Days Accrued (hours / year)</u> | |
|------------------------------------|---|------------------------|
| | <u>Regular</u> | <u>Fire Department</u> |
| 0 – 10 | 80 | 74 |
| 10 – 20 | 120 | 111 |
| 20+ | 160 | 148 |

The dollar amount of accrued vacation at December 31, 2010 was \$99,682.

Sick Leave:

Sick leave is accrued at a rate of 8.0 hours per month for all employees, up to a maximum of 120 days (960 hours). Sick leave accumulated is not paid to employees except upon retirement or separation after twenty or more years of regular service, in which the employee shall receive payment for 25% of the unused sick leave – up to a maximum of one calendar month's salary.

The dollar amount of accrued sick leave at December 31, 2010 was \$25,658.

19. ABILENE RECREATION COMMISSION

The Abilene Recreation Commission amended its inter-local agreement with the City of Abilene, effective December 19, 2007. Under this agreement, the City of Abilene collects funds on the Commission's behalf and administers the funds to benefit the Abilene Parks and Recreation department recreation funds.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

19. **ABILENE RECREATION COMMISSION (CONTINUED)**

As of August 18, 2008, all Recreation Commission funds are being held by the City of Abilene.

20. **2009 FINANCIAL DATA**

The amounts shown for 2009 in the financial statements are included where practicable, only to provide a basis for comparison with 2010, and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

Rounding variances may also exist between amounts reported for the 2009 calendar year in these financial statements and the amounts reported in the 2009 audited financial statements. In addition, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.